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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

May 18, 2007

Mr. Rowan McGowan-Jackson, Manager
Kennecott Utah Copper Corporation
P.O. Box 6001
Magna, Utah 84044-6001

Subject: Request for Cost Estimate Information, Kennecott Utah Copper Corporation, Copperton Concentrator, M/035/011, Task #1772, Salt Lake County, Utah

Dear Mr. McGowan-Jackson:

The Division has received and reviewed Table 17, Cost Estimate for Demolition of Facilities Associated with the Bulk Flotation Process Upgrade (Cost Estimate). In review of the cost estimate, the Division requests the following clarifications and corrections:

1. The costs associated with each activity do not include specifics. Dimensions and steel weights are provided, however, it is necessary to identify the bare costs that comprise these unit costs.
2. The Division requests cost specifics and/or clarification regarding the costs associated with site preparation, earthwork, loading, hauling, burying, and dumping of materials if applicable.
3. Please describe additional information about the mobilization unit costs. Please identify the demobilization costs with specificity as well.
4. The reclamation cost of 0.15/ft² appears low. Please provide more detail regarding what reclamation is being performed at a cost of 0.15/ft². In the detail, explain the choice of units. Are there no volumes used regarding site preparation and associated earthwork?
5. There is no contingency cost. Please add 10%.
6. The Division currently uses an escalation factor of 1.032 using the Average Means Historical Cost Index for Site Construction, National Average, based on a previous three (3) year average. Please use this value.

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Rowan McGowan-Jackson
Kennecott Utah Copper Corp.
M0350011
May 18, 2007

Please direct any inquiry regarding the content of this letter to Beth Ericksen (801) 538-5318 or bethericksen@utah.gov .

Sincerely,

A handwritten signature in black ink that reads "Susan M. White". The signature is written in a cursive style with a long, sweeping underline.

Susan M. White
Mining Program Coordinator
Minerals Regulatory Program

SMW/BE/pb
cc: Beth Ericksen
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